



MINUTES
Special Meeting
Reno City Council

Wednesday, January 7, 2015 • 12:00 PM

Reno City Council Chamber, One East First Street, Reno, NV 89501

Hillary Schieve, Mayor

Council Members:

Ward 1 – Jenny Brekhus

Ward 4 – Paul McKenzie

Ward 2 – Naomi Duerr

Ward 5 – Neoma Jardon

Ward 3 – Oscar Delgado

At-Large – David Bobzien

Agenda Items

1 Pledge of Allegiance

2 Roll Call

Attendee Name	Title	Status	Arrived
Hillary Schieve	Mayor	Present	
Jenny Brekhus	Councilmember	Present	
Naomi Duerr	Councilmember	Present	
Oscar Delgado	Councilmember	Present	
Paul McKenzie	Councilmember	Present	
Neoma Jardon	Councilmember	Present	
David Bobzien	Councilmember	Present	
Andrew Clinger	City Manager	Present	

The meeting was called to order at 12:11 PM.

3 Public Comment

Jeff Church, Renocop@earthlink.net, discussed his concerns about the Reno Police Protective Association contract.

David Tscheekar, 550 East Plumb Lane #104, presented an idea for helping keep Reno clean of litter.

4 Approval of the Agenda (For Possible Action) - January 7, 2015.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Oscar Delgado, Councilmember
SECONDER:	Neoma Jardon, Councilmember
AYES:	Schieve, Brekhus, Duerr, Delgado, McKenzie, Jardon, Bobzien

- 5 Staff Report (For Possible Action): Discussion, direction and possible approval of Second Amendment to that certain Agreement dated June 13, 2012 by and between the Reno-Sparks Convention and Visitors Authority (RSCVA), the City of Reno, Nevada (Reno) and United States Bowling Congress (USBC) to conduct certain national bowling tournaments within the City of Reno. 12:20 PM

Recommendation: Staff recommends Mayor and Council approve the Second Amendment to the Agreement dated June 13, 2012 by and between the Reno-Sparks Convention and Visitors Authority, the City of Reno and the United States Bowling Congress and authorize the Mayor to sign the Second Amendment.

Proposed Motion: I move to approve staff recommendation.

Robert Chisel, Director of Finance and Administration, provided an overview of the Staff Report.

Greg Ferraro, 165 West Liberty Street, Suite 210, attorney representing the Nevada Resort Association (NRA), said that the industry looked at Second Amendment language, some revisions were made, and the industry supports the revised Second Amendment. He said that NRA members have reached no consensus regarding the prospective room surcharge legislation, but will soon be meeting to work through some of their issues and concerns.

Council Member Brekhus asked why the 2015 and 2018 championships are subject to agreements separate from that of 2016.

Joe Kelley, Vice President of Facilities for the Reno Sparks Convention and Visitors Authority (RSCVA), said that the terms and conditions of the 2015 and 2018 agreements were entered into with the Women's International Bowling Congress quite some time ago, and were subsequently absorbed into the United States Bowling Congress (USBC) agreement in 2007. The terms of those original agreements remain the same.

Council Member Brekhus asked if the proposed \$30 site fee would apply to the 2015 agreements.

Mr. Kelley said that the RSCVA will be paying the \$500,000 site fee in 2015 and 2018, and 2016 will be secured as part of the entire Second Amendment.

Council Member Brekhus asked what would happen should the USBC decide at their upcoming meeting not to come to Reno in 2016, and Mr. Kelley replied that they would continue to negotiate with the USBC. The USBC begins taking reservations March 1, 2015 for 2016, and there is a sense of urgency in having their location determined. We have had discussions with their Executive Director, their President, and all three of their legal counsel and they support the Second Amendment. While they do have a 23-person Board of Directors who could decide not follow their lead, we are relatively confident we will get a positive vote from their meeting this weekend.

Council Member McKenzie referred to the schedule of National Bowling Stadium (NBS) upgrades, including the squad room and the replacement of bowling lanes. He asked if there were adequate funds to complete those projects, and if redirecting a portion of the room revenue to the USBC would affect those plans, especially if the Heating, Ventilation and Air Conditioning (HVAC) goes out before the projects are completed.

Mr. Chisel replied that the squad room was completed ahead of schedule approximately a year ago, the \$450,000 bowling lane replacement project will be coming before the Council in January 2015 and the lane replacement project was included in budget projections along with the site fee. Cash flow will be okay if we redirect a portion of the room revenue to the USBC and, although we hope to spend less, we would spend approximately \$2.9 million on the HVAC. We did budget on the high side.

Council Member McKenzie asked if staff was comfortable that, if the increase in site fees did progress and a portion of the surcharge revenue went to the bowlers, the City could meet the schedule and take care of the things they know are coming at the bowling stadium based upon cash flow projections.

Mr. Chisel said that, barring any major unforeseen incident, the contingency fund is adequate and they are probably in better shape actually with the Capital Projects Surcharge than with a lot of other City-owned facilities.

Council Member Jardon asked if the Second Amendment restricts the City from using the facility for things other than USBC events.

Jonathan Shipman, Deputy City Attorney, said that staff would need to examine the issue and get advice from bond counsel about using the facility for other events. The facility is based on tax exempt bonding right now, and the concern is that private activity might convert that non-taxable bond into a taxable bond. Nothing in this agreement is of concern in that regard, he said.

Council Member Jardon asked if there is a threshold on outside use, and Mr. Shipman said there is perhaps a 10% threshold on private activity. Once you go over that, he said,

your bonds convert from a non-taxable to a taxable basis, and there are covenants that require the City to maintain them as taxable or non-taxable bonds.

Council Member Jardon suggested that the RSCVA, downtown properties and City of Reno work together to utilize the facility for events such as Wolf Pack Wednesdays bowling or a celebrity bowling tournament, and Mr. Kelley said that there is nothing contained in the Second Amendment that interferes with RSCVA's operation of the Bowling Stadium except during the term of the agreement. At other times we are free to operate the building as we please.

Council Member McKenzie noted that there is a time restriction in the original agreement on each side of the bowling events, and Mr. Kelley said that the restriction on the use of the facility includes a 30-day window for set-up activities prior to the beginning of a tournament and a 14 day window for tear-down after the tournament. They do quite a bit of construction prior to each of the women's tournaments and the open championships, but are usually willing to shorten those time requirements if requested.

Council Member McKenzie and Mr. Kelley discussed the approximate dates of the tournaments.

Council Member Delgado asked if each year there would be \$1 million left after everything was said and done, and Mr. Chisel said that at the very lowest point it would be \$1 million, and that would be on the high side after the HVAC work was done and they had spent the high side estimate for the fourth floor remodeling project. That would be the lowest point the fund would experience and, depending on the construction schedule, it may not be at that point. We were trying to take the worst case scenario of if we spent the maximum current projection on the fourth floor remodeling project before we did the HVAC upgrades at a cost of close to \$3 million, which would take the fund down to approximately \$1 million in 2019.

Council Member Delgado asked if the other properties had been taken into account, and Mr. Chisel said that while nothing was firm and all proposals would have to be approved by the Capital Projects Surcharge Advisory Subcommittee and Reno City Council, a proposal to spend \$400,000 for a rigging system at the Downtown Events Center and other proposals for signage, sound systems, and the replacement of furniture, fixtures and equipment were on the "wish" list.

Council Member Delgado asked which facilities were covered by the Capital Projects Surcharge.

Mr. Chisel replied that the surcharge legislation talks about 'a publicly-owned facility for tourism and entertainment', which could probably be extended to other facilities such as

the Pioneer Events Center. The only facility specifically exempted, he said, is the Reno Aces Baseball Stadium.

Council Member Duerr said that she recently toured the National Bowling Stadium and was favorably impressed with the facility. There are, in addition to the Bowling Congress events, approximately 80 events scheduled, and it seems as though staff could increase that number. The public should be aware of the potential opportunities for events such as fund raisers or student-oriented activities, and a pilot program should be developed as soon as this fall to try it out. There would be additional costs and the events would probably just break even, but it would give the community something additional to do. It would also expose the facility to a greater range of people and could drive up usage for other events as well.

Council Member Brekhus said that Mr. Baum, in his December 4, 2014 letter, indicated that the primary factor for the shortfall of approximately \$300,000 to \$400,000 owed to the USBC from the 2013 tournament was because the bowlers booked approximately 13,000 room nights against a goal of 100,000 room nights. She asked what number of room nights would be considered a success for the 2015 event, and if those room nights will be accurately tracked. I will want to know in August what is considered a 'win' for 2015 when you ask us to consider a third amendment to the agreement and to kick out some of what we have for capital improvements for these publicly owned projects.

Chris Baum, Chief Executive Officer of the RSCVA, said that room nights actually utilized and the number of room nights officially counted were different. There were a lot more than 13,000 room nights booked in 2013, but the USBC did not have a tracking system in place. The actual number of utilized room nights was tens of thousands more than that, and for the women's tournament is expected to generate somewhere between 30,000 and 40,000 room nights.

Council Member Brekhus said that success for 2015 could then be determined by implementation of an accurate tracking system, and 30,000 to 40,000 room nights, and she would look for those numbers in August when the Council considers a Third Amendment to the Agreement.

Mr. Baum said that tracking will be done manually by holding interviews with the teams to determine where they are staying.

Council Member Brekhus noted that the last National Bowling Stadium project listed is to refurbish the exterior of the building in 2022. She suggested that the City Council will be facing an entirely different downtown in the year 2022, and questioned why they would want to spend \$2.2 million to refurbish the outside of a building that they may instead want to demolish when the agreement evaporates in 2025.

Mr. Chisel said that the costs were projected to ensure the fund could sustain the commitments made in the agreement, but no specific plans for refurbishing the exterior of the building have been made. If in 2022 Reno is in a different place, it would be up to the Council to decide how to refurbish the exterior of the National Bowling Stadium. The agreement only says 'refurbish the exterior of the National Bowling Stadium,' and nothing more is stipulated about how that requirement would be met. Perhaps the attorneys could weigh in on that portion of the agreement. We should also remember that we have over \$120 million of outstanding debt associated with the National Bowling Stadium, Downtown Events Center and other facilities in that area.

Council Member Brekhus stated that the City will still owe money on the Bowling Stadium in 2022, and asked if painting could be considered a refurbishing the exterior of the building.

Mr. Chisel said that there had been some discussion about adding brick to the exterior of the National Bowling Stadium similar to that on the Freight House or the Baseball Stadium, and of plans for Plaza Street. We added a fairly liberal amount in our projections of expenditures for refurbishing the exterior of the building, he said.

Council Member Brekhus suggested that the Capital Projects Surcharge Advisory Committee could do some more work on that part of the agreement.

Council Member McKenzie said that the agreement allows the USBC to determine what the appropriate renovations will be, and asked if they have provided any guidelines in this regard.

Mr. Chisel said that the USBC has not provided to the Cit of Reno any guidelines regarding what they believe to be appropriate exterior renovations.

Council Member McKenzie said that it is difficult to project the cost of the exterior renovations if the USBC has the authority to dictate what those renovations will entail.

Mr. Chisel said that the USBC does not dictate the dollar amount that will be spent, which must be mutually agreed upon.

Council Member McKenzie said that before any money is moved around the USBC should provide the plans and specifications so that a true cost estimate can be determined. Even with the full room fee, he said, we may not be able to fund their proposed plans and specifications.

Mr. Chisel said that all of the designs and specifications for improvements to date have been developed here. We come up with the design and specifications and build into the budget.

Council Member McKenzie suggested that we have been lucky so far in having our designs and specifications meet USBC approval, but it does not mean that will be true in the future. We cannot budget what we may have money to build if we have no idea what we are going to build.

Mr. Chisel said that the interpretation of the agreement has been that 'consult' means to talk with the USBC to get their input as to what they feel is appropriate, and the RSCVA has been consulting with them about all the facility upgrades that have been done to date. Requiring them to develop the building plans and specifications would probably result in a project beyond what we would be willing to pay.

Council Member McKenzie said that there are places throughout the original agreement that allow the USBC to terminate the agreement if they do not like the way the facility is being maintained. If they do not like the way we do the renovations and upgrades, they have the right to terminate the agreement. None of those terminations that they have the right to do based upon their sole discretion and for which they have provided no guidance have liquidated damages attached to them, only the fact that they can cancel a tournament without notice or fail to fulfill their obligations to hold the tournaments in Reno. There are loopholes in the agreement that allow the USBC every year to tell us they do not want to stay here because their demands are not being met.

Council Member Duerr and Mr. Chisel discussed the possibility of a third amendment to the agreement that would require a legislative change to the \$2 surcharge.

Council Member Duerr suggested that legal staff consider tightening up the language of the agreement when the third amendment is drafted to address Council Member McKenzie's concerns. She suggested that staff tighten up all contracts, examine liquidated damages, include appropriate out-clauses and examine clauses that are dependent on available funding. She said that her initial concerns about off-line negotiations and dates improvements are to be made were clarified in the Second Amendment.

Council Member Jardon asked if there is a trend with respect to bowling.

Mr. Kelley said that tournament or league bowling has reached a plateau while recreational bowling is on a phenomenal rise. Collegiate bowling is the largest growing sport in college today. The challenge we face moving ahead is to turn those recreational bowlers into league bowlers who are likely to become tournament bowlers. The USBC

still has close to 400,000 league bowlers that are bowling in tournaments today, and our challenge is getting them to Reno, Nevada in 2015, 2016, 2018 etc. Bowling is still a very viable sport and recreation.

Council Member Jardon noted that, if done right, collegiate bowlers will eventually become tournament bowlers. If not, perhaps we can capture the business of University of Nevada, Reno collegiate bowlers.

Mr. Kelley said that collegiate females are driving the increase in bowling, which hopefully that bodes well for future ladies tournaments in Reno.

Mayor Schieve said that the City and RSCVA should adopt a broader vision about the future of bowling. Bowling is currently very popular, but we need to find other ways to utilize the facility if those numbers decline. Perhaps we can open it up to the public as Council Members have suggested, but we should keep the bigger vision in mind as we move forward.

Council Member Delgado said that everyone wants the bowlers to stay in Reno, and thanked staff for moving so quickly to revise the Second Amendment of the Agreement to address Council Members' concerns.

It was moved by Council Member Delgado, seconded by Council Member Bobzien to uphold the staff recommendation.

Council Member Brekhus said that she was prepared to support the motion, but remained concerned that the Second Amendment will be null and void if the bowlers decide not to come to Reno in 2016. She questioned the City's role in promoting or not promoting the proposal to ask the Legislature to alter the surcharge and noted that, while the City is not bound to promote or support the request, they may not in good faith be able to work against it.

Council Member Bobzien discussed his concern about the proposal to ask the Legislature to re-purpose the existing surcharge. It will be a fascinating public policy question for the Legislature and we wish everyone well in their efforts, he said. Our colleagues in the RSCVA should keep the long-term vision in mind, and the formation of a joint marketing committee is a good step forward. The City should seize the opportunity to do bowling better and in a better way for the City.

Council Member McKenzie said that he would support the motion because the Second Amendment is an attempt to extend the agreement with the USBC, get more bowlers to the community and make it a better product for the RSCVA and USBC. He said he was still uncomfortable with the idea of the RSCVA opening up a section of statute at the

Legislature that was not easy to get passed in the last Legislative session. The \$2 surcharge provides us with funds to maintain the downtown facilities, and we will need that money in the future. One cannot predict what will happen when a section of statute is opened up at the Legislature, and there is no way the City of Reno can maintain those facilities if it is re-purposed out of the City's budget.

The motion carried unanimously.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Oscar Delgado, Councilmember
SECONDER:	David Bobzien, Councilmember
AYES:	Schieve, Brekhus, Duerr, Delgado, McKenzie, Jardon, Bobzien

6 Identification of items for future agendas. 1:07 PM

NO ACTION WAS TAKEN ON THIS ITEM.

7 Public Comment

NO ACTION WAS TAKEN ON THIS ITEM.

8 Adjournment (For Possible Action)

THE MEETING WAS ADJOURNED AT 1:07 P.M.